

Ionia Township
County of Ionia, Michigan
34-1060
Financial Statements
and Independent Auditors' Report

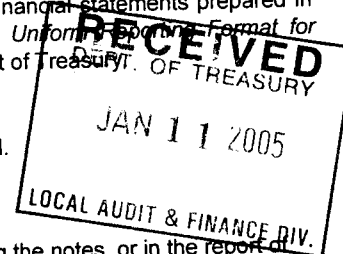
Year Ended March 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Ionia Township	County Ionia
Audit Date 3/31/04	Opinion Date 6/15/04	Date Accountant Report Submitted to State:	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.



We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Willis & Jurasek, P.C.			
Street Address 2545 Spring Arbor Road	City Jackson	State MI	ZIP 49203
Accountant Signature <i>Willis & Jurasek, P.C.</i>		Date	

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Independent Auditors' Report

To the Governing Body of
Ionia Township

We have audited the accompanying general-purpose financial statements of the Township of Ionia, as of and for the year ended March 31, 2004, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Ionia, as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards we have also issued a report dated June 15, 2004 on our consideration of the Township's internal control over financial reporting and our consideration on its compliance with laws and regulations. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements and schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Township of Ionia. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Willis & Jurasek, P.C.

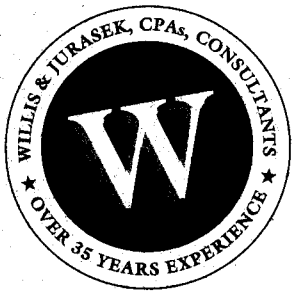
Willis & Jurasek, P.C.

June 15, 2004

WILLIS & JURASEK, P.C.

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Report Based on an Audit of Financial Statements
Performed in Accordance With
Government Auditing Standards

To the Governing Body of
Ionia Township

We have audited the general-purpose financial statements of Ionia Township as of and for the year ended March 31, 2004, and have issued our report thereon dated June 15, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Ionia Township's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance that we have reported to management of Ionia Township in a separate letter dated June 15, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Ionia Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Substantially all of the accounting and financial management functions of the Township are performed by two individuals, the Township Clerk and the Township Treasurer, both of which are elected positions. This unavoidably results in inadequate separation of duties. While the size and resources of the Township are limited in terms of providing adequate separation of duties, the Board should be mindful of this condition and, where possible, establish reasonable control procedures.

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To the Governing Body of
Ionia Township
Page 2

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness. We also noted other matters involving the internal control over financial reporting that we have reported to management of the Township in a separate letter dated June 15, 2004.

This report is intended for the information of the township board, management and State agencies and it is not intended and should not be used for any other purpose of then those specified.

Willis & Jurasek, P.C.

Willis & Jurasek, P.C.

June 15, 2004

Ionia Township
Combined Balance Sheet
All Fund Types and Account Groups
March 31, 2004

	Governmental Fund Types	Proprietary Fund Types	Fiduciary Fund Types	Account Groups	Total
	General	Enterprise	Trust and Agency	General Fixed Assets	(Memo Only)
<u>Assets</u>					
Cash and cash equivalents	\$ 705,154	\$ 100,596	\$ 99,659	\$ -	905,409
Receivables:					
Taxes	6,408	-	-	-	6,408
Other	-	3,013	-	-	3,013
Due from other funds	1,122	-	-	-	1,122
Land and buildings	-	-	-	30,289	30,289
Machinery and equipment	-	-	-	14,130	14,130
Fixed assets (net of accumulated depreciation)	-	362,643	-	-	362,643
	<u>\$ 712,684</u>	<u>\$ 466,252</u>	<u>\$ 99,659</u>	<u>\$ 44,419</u>	<u>\$ 1,323,014</u>
<u>Liabilities and Fund Equity</u>					
Liabilities:					
Accounts payable	\$ 14,000	\$ -	\$ -	\$ -	14,000
Due to other funds	-	-	1,122	-	1,122
Due to other governmental units	-	-	71,040	-	71,040
Total liabilities	<u>14,000</u>	<u>-</u>	<u>72,162</u>	<u>-</u>	<u>86,162</u>
Fund Equity:					
Investment in general fixed assets	-	-	-	44,419	44,419
Contributed capital	-	444,367	-	-	444,367
Retained earnings:					
Unreserved	-	21,885	-	-	21,885
Fund balance:					
Designated for cemetery	-	-	27,497	-	27,497
Unreserved; undesignated	698,684	-	-	-	698,684
Total fund equity	<u>698,684</u>	<u>466,252</u>	<u>27,497</u>	<u>44,419</u>	<u>1,236,852</u>
	<u>\$ 712,684</u>	<u>\$ 466,252</u>	<u>\$ 99,659</u>	<u>\$ 44,419</u>	<u>\$ 1,323,014</u>

See Notes to Financial Statements.

Ionia Towhship
Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - All Governmental Fund Types
Year Ended March 31, 2004

	<u>General Fund</u>
Revenues:	
Taxes	\$ 79,379
State grants	261,780
Cemetery Lot sales	2,807
Interest	5,465
Other	<u>35,846</u>
Total revenues	<u>385,277</u>
Expenditures:	
General government	104,564
Public safety	23,000
Highways, streets and transportation	111,930
Other	<u>24,458</u>
Total expenditures	<u>263,952</u>
Revenue Over (Under) Expenditures	121,325
Fund Balances - Beginning of Year	<u>577,359</u>
Fund Balances - End of Year	<u>\$ 698,684</u>

Ionia Towhship
Combined Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended March 31, 2004

	<u>General</u>		<u>Variance</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u>
			<u>(Unfavorable)</u>
Revenues:			
Taxes	\$ 63,000	\$ 79,379	\$ 16,379
State shared revenue	321,797	261,780	(60,017)
Cemetery Lot sales	3,200	2,807	(393)
Interest	5,500	5,465	(35)
Other	3,000	35,846	32,846
Total revenues	<u>396,497</u>	<u>385,277</u>	<u>(11,220)</u>
Expenditures:			
Current:			
General government	111,875	104,564	7,311
Public safety	19,000	23,000	(4,000)
Public works	165,500	111,930	53,570
Other	22,800	24,458	(1,658)
Total expenditures	<u>319,175</u>	<u>263,952</u>	<u>55,223</u>
Revenue Over (Under) Expenditures	<u>77,322</u>	<u>121,325</u>	<u>44,003</u>
Fund Balances - Beginning of Year	<u>577,359</u>	<u>577,359</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 654,681</u>	<u>\$ 698,684</u>	<u>\$ 44,003</u>

Ionia Township
Combined Statement of Revenues, Expenses and
Changes in Retained Earnings - All Proprietary Fund Types
and Non-Expendable Trust Funds
Year Ended March 31, 2004

	Proprietary Fund Types	Fiduciary Fund Types	Total
	Sewer Fund	Perpetual Care Fund	(Memo Only)
Operating Revenues:			
Usage fee	\$ 11,517	\$ 705	\$ 12,222
Other fees	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Total operating revenues	<u>14,017</u>	<u>705</u>	<u>14,722</u>
Operating Expenses	20,189	-	20,189
Operating Income	<u>(6,172)</u>	<u>705</u>	<u>(5,467)</u>
Non-Operating Revenues (Expenses):			
Interest income	<u>1,567</u>	<u>485</u>	<u>2,052</u>
Total non-operating revenue (expenses)	<u>1,567</u>	<u>485</u>	<u>2,052</u>
Net Income	(4,605)	1,190	(3,415)
Retained Earnings/Fund Balance - Beginning of Year	<u>26,490</u>	<u>26,307</u>	<u>52,797</u>
Retained Earnings/Fund Balance - End of Year	<u>\$ 21,885</u>	<u>\$ 27,497</u>	<u>\$ 49,382</u>

See Notes to Financial Statements.

Ionia Township
 Combined Statement of Cash Flows
 All Proprietary Fund Types and Non-Expendable Trust Funds
 Year Ended March 31, 2004

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Total</u>
	<u>Sewer</u>	<u>Perpetual Care Funds</u>	<u>(Memorandum Only)</u>
Cash Flows From Operating Activities:			
Cash received from customers	\$ 15,154	\$ 705	\$ 15,859
Cash paid to suppliers	<u>(13,840)</u>	<u>-</u>	<u>(13,840)</u>
Total cash flows from operating activities	<u>1,314</u>	<u>705</u>	<u>2,019</u>
Cash Flows From Investing Activities:			
Interest and dividends on investments	<u>1,567</u>	<u>485</u>	<u>2,052</u>
Net Increase (decrease) in Cash and Cash Equivalents	2,881	1,190	4,071
Cash and Equivalents – Beginning of Year	<u>97,715</u>	<u>26,307</u>	<u>124,022</u>
Cash and Equivalents – End of Year	<u>\$100,596</u>	<u>\$ 27,497</u>	<u>\$128,093</u>

See Notes to Financial Statements.

Ionia Township
Combined Schedule of Reconciliation of Operating Income To
Net Cash Provided by Operating Activities
All Proprietary Fund Types
Year Ended March 31, 2004

Proprietary Fund Types

	<u>Sewer</u>
Operating income	\$ (6,172)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	6,349
Change in assets and liabilities:	
Receivables	<u>1,137</u>
Total adjustments	<u>7,486</u>
Net Cash Provided by Operating Activities	\$ <u>1,314</u>

Disclosure of accounting policy:

For purposes of the statement of cash flows, the Sewer Fund considers all highly-liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Ionia Township
Notes to Financial Statements

1. Summary of Significant Accounting Policies

The Township operates under an elected Board of five members and provides various services to its residents in many areas including public safety, community enrichment, and development and human services.

The accounting policies of the Township conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

Reporting Entity

The accompanying general purpose financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board (GASB) for determining the various governmental organizations to be included in the reporting entity. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if data were not included. Based on the application of the criteria, the entity does not contain component units.

Fund Accounting

The accounts of the government are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provision. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not directly in those funds.

The financial activities of the Township are recorded in separate fund and accounts groups categorized as follows:

Governmental Fund Types

General Fund - This fund is used to account for all financial resources except those provided for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants and other intergovernmental revenues.

Proprietary Funds

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Ionia Township
Notes to Financial Statements

1. Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Proprietary Funds (Continued)

Fiduciary Fund Types - These Funds, used to account for assets held in trust or as an agent for others, include the Current Tax Collection Fund and Cemetery Trust Fund.

Account Groups

General Fixed Account Group - This Account Group presents the fixed assets of the local unit utilized in its general operations (nonproprietary fixed assets).

Basis of Accounting

The modified accrual basis of accounting is used by all Governmental Funds, Agency Funds and Expendable Trust Funds. Revenue and other sources are recognized in the accounting period, which they became susceptible to accrual - that is when they became both measurable and available to finance expenditures of the fiscal period. Expenditures are recognized when the related liability is incurred. Modifications from the accrual basis are as follows:

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county's delinquent tax rolls.

Payments for inventoriable types of supplies are recorded as expenditures at the time of purchase.

Normally, expenditures are not divided between years by the recording of prepaid expenses.

Budget and Budgetary Accounting

The Township follows these procedures in establishing budgetary data reflected in the financial statements:

- a. The Township submits a proposed operating budget for the fiscal year commencing April 1.
- b. The public hearing is conducted by the Township to obtain taxpayer comments.
- c. The budget is then legally enacted through passage of the appropriations act.
- d. The budget is adopted on the governmental activity basis as reported on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund, which is found on page 7.
- e. The budget for the various funds is prepared on a basis consistent with generally accepted accounting principles.

Ionia Township
Notes to Financial Statements

1. Summary of Significant Accounting Policies (Continued)

Property, Plant and Equipment

General fixed assets are recorded at historical cost or, if donated, at the estimated fair market value at the date of acquisition. In assembling the General Fixed Assets Account Group for the first time, certain fixed asset costs were not available; historical costs of these assets at the dates of acquisitions have been estimated. Expenditures of the governmental fund types which materially extend the useful life of existing fixed assets are capitalized.

Infrastructure ("public domain") fixed assets such as roads and bridges are not capitalized. Interest incurred during construction is not capitalized and depreciation is not provided on general fixed assets.

Fund Equity and Fund Balance Reservations

Fund Equity - Fund equity represents the difference between fund assets and fund liabilities. The governmental and fiduciary funds' fund equity is called "fund balance."

Fund Balance Reservations - Fund balances for all governmental funds are classified as either reserved or unreserved. Reserved fund balances reflect either: 1) funds legally segregated for a specific use or 2) assets which, by their nature, are not available for expenditure. Unreserved fund balances reflect the balances available for expenditure for the general purpose of the fund.

Revenues and Expenditures

Revenues - Revenues are reported by source. General purpose revenues are available to fund any activity accounted for in the fund. Restricted revenues are, either by State law or by outside restriction (e.g., federal grants), available only for specified purposes. Unused restricted revenues at year-end are recorded as reservations of fund balance.

Expenditures - Expenditures are reported by character. Current expenditures are subclassified by function and are for items such as salaries, grants, supplies and services. Capital outlay includes expenditures for real property or infrastructure (e.g., highways).

Total Column on Combined Statements

The total column on the Combined Statements is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Ionia Township
Notes to Financial Statements

2. Excess of Expenditures Over Appropriations

Public act 621 of 1978, Section 18(1), as amended, provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated. The Township's actual expenditures and budgeted expenditures for the funds budgeted have been shown on an activity basis. The approved budgets of the Village were adopted at the activity level.

During the year ended March 31, 2003, expenditures were incurred in excess of amounts appropriated in the amended budgets for the activities of the general fund as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Over Expenditures</u>
General Fund:			
Treasurer	\$17,690	\$20,111	(\$ 2,421)
Assessor	\$16,300	\$17,280	(\$ 980)
Township Hall	\$14,200	\$17,973	(\$ 3,773)
Cemetery	\$16,885	\$17,922	(\$ 1,067)
Public safety	\$19,000	\$23,000	(\$ 4,000)
Other	\$22,800	\$24,458	(\$ 1,658)

3. Cash and Certificates of Deposit

Deposits are carried at cost. Deposits of the Township are at three banks in the name of the Township. Michigan Compiled Laws, section 129.91 authorizes the Township to deposit and invest in the accounts of Federally insured banks, insured credit unions and savings and loan associations; bonds and other direct obligations of the United States, or and agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; banker's acceptance of the United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The Township's deposits are in accordance with statutory authority.

The Balance Sheet caption, "Cash" includes demand accounts and certificates of deposit.

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the Township's cash deposits are as follows:

<u>Deposits</u>	<u>Carrying Amount</u>	<u>Bank Amount</u>
Insured (FDIC)	\$ 273,180	\$ 301,182
Uncollateralized and Uninsured	<u>632,229</u>	<u>671,551</u>
Total deposits	<u>\$ 905,409</u>	<u>\$ 972,733</u>

4. Delinquent Property Taxes Receivable

The delinquent real property taxes of the Township are purchased by the County of Ionia. The County intends to sell tax notes, the proceeds of which will be used to pay the Township for these property taxes. These taxes have been recorded as revenue for the current year.

Ionia Township
Notes to Financial Statements

5. Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	\$ <u>1,122</u>	Trust & Agency	\$ <u>1,122</u>

6. Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>04/01/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>03/31/04</u>
Township hall	\$ 26,989	\$ 0	\$ 0	\$ 26,989
Cemetery buildings	3,300	0	0	3,300
Computer equipment & software	4,900	0	0	4,900
Voting machines	<u>9,230</u>	<u>0</u>	<u>0</u>	<u>9,230</u>
Total	\$ <u>44,419</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>44,419</u>

7. Changes in Fixed Assets – Proprietary Funds

A summary of changes in fixed assets of the Sewer Fund follows:

	<u>04/01/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>03/31/04</u>
Sewer lines 1984	\$ 2,786	\$ 0	\$ 0	\$ 2,786
Sewer lines 1986	14,505	0	0	14,505
Sewer lines 1987	7,796	0	0	7,796
Sewer lines 1991	425,121	0	0	425,121
Sewer lines 1992	1,000	0	0	1,000
Sewer lines 1993	<u>3,000</u>	<u>0</u>	<u>0</u>	<u>3,000</u>
Subtotal	454,208	0	0	454,208
Accumulated depreciation	<u>85,216</u>	<u>0</u>	<u>6,349</u>	<u>91,565</u>
Total	\$ <u>368,992</u>	\$ <u>0</u>	\$ <u>6,349</u>	\$ <u>362,643</u>

8. Property Taxes

The Township assessed 1.0 mills for operating. The property taxes attach as an enforceable lien on property as of December 1. Taxes are levied December 1 and are payable through March 1. All property taxes not paid by March 1 are deemed delinquent.

Ionia Township
Notes to Financial Statements

9. Unemployment Insurance

The Township uses the direct contribution method of paying unemployment insurance. Charges are accumulated during the fiscal year by the Michigan Employment Security Commission and the Township is billed for the exact amount of benefits paid out.

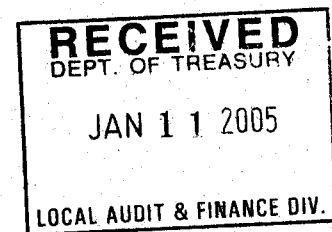
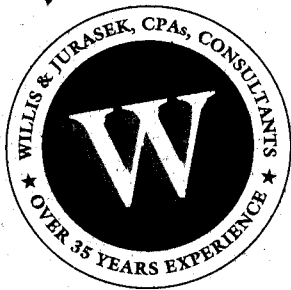
Supplemental Information

Ionia Township
General Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended March 31, 2004

	2004		
	Budget	Actual	Favorable (Unfavorable)
Revenues:			
Taxes	\$ 63,000	\$ 79,379	\$ 16,379
State shared revenue	321,797	261,780	(60,017)
Cemetery lot sales	3,200	2,807	(393)
Interest	5,500	5,465	(35)
Other	3,000	35,846	32,846
Total revenues	<u>396,497</u>	<u>385,277</u>	<u>(11,220)</u>
Expenditures:			
General government:			
Legislative	5,650	5,645	5
Supervisor	10,665	10,273	392
Elections	3,000	-	3,000
Legal and audit	12,000	2,731	9,269
Clerk	14,990	12,629	2,361
Board of review	525	-	525
Treasurer	17,690	20,111	(2,421)
Assessor	16,300	17,280	(980)
Township hall	14,200	17,973	(3,773)
Cemetery	16,855	17,922	(1,067)
Total general government	<u>111,875</u>	<u>104,564</u>	<u>7,311</u>
Public Safety			
Ambulance	14,000	14,000	-
Capital outlay	5,000	9,000	(4,000)
Total public safety	<u>19,000</u>	<u>23,000</u>	<u>(4,000)</u>
Highways, Streets and Transportation:			
Roads	156,000	103,194	52,806
Drain at large	2,500	2,000	500
Street lighting	7,000	6,736	264
Total highways, streets and transportation	<u>165,500</u>	<u>111,930</u>	<u>53,570</u>
Other	<u>22,800</u>	<u>24,458</u>	<u>(1,658)</u>
 Total expenditures	 <u>319,175</u>	 <u>263,952</u>	 <u>55,223</u>
Revenue Over (Under) Expenditures	<u>77,322</u>	<u>121,325</u>	<u>44,003</u>
Fund Balance - Beginning of Year	<u>577,359</u>	<u>577,359</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 654,681</u>	<u>\$ 698,684</u>	<u>\$ 44,003</u>

Ionia Township
Statement of Changes in
Assets and Liabilities – Current Tax Collection Fund
Year Ended March 31, 2004

	Current Tax Collection Fund			
	<u>Balance</u>		<u>Deductions</u>	<u>Balance</u>
	<u>04/01/01</u>	<u>Additions</u>		<u>03/31/02</u>
<u>Assets</u>				
Cash	\$ <u>12,910</u>	\$ <u>1,690,238</u>	\$ <u>1,632,108</u>	\$ <u>71,040</u>
<u>Liabilities</u>				
Due to other funds	\$ -	\$ 77,047	\$ 77,047	\$ -
Due to County	-	684,012	669,822	14,190
Due to Schools	<u>12,910</u>	<u>929,179</u>	<u>885,239</u>	<u>56,850</u>
	\$ <u>12,910</u>	\$ <u>1,690,238</u>	\$ <u>1,632,108</u>	\$ <u>71,040</u>



June 15, 2004

To the Township Board
Ionia Township
Ionia, Michigan

We have audited the financial statements of Ionia Township for the year ended March 31, 2004, and have issued our report thereon dated June 15, 2004. In planning and performing our audit of the general purpose financial statements of the Township, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control.

The Management of the Township is responsible for establishing and maintaining effective internal control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control. The objectives of internal control are to provide the Board with a reasonable but not absolute assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with the Board's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of the inherent limitations in any system of internal control, errors and irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluations made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion of the system of internal accounting control of the Township taken as a whole. However, our study and evaluation disclosed no conditions that we believe to be a material weakness.

Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement proposal, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of the Township. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

WILLIS & JURASEK, P.C.

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Post Office Box 39
Jackson, Michigan 49204-0039

Phone Number: (517) 788-8660
Fax Number: (517) 788-9872
E-mail: willis@willispc.com
Web site: www.willispc.com

Our Responsibility under Generally Accepted Auditing Standards (Continued)

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Township's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Township are described in Note 1 to the financial statements. No new accounting policies were adopted and no other applications of existing policies were changed during the current year. We noted no transactions entered into by the Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no material estimates recorded in the current year.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Township's financial reporting process (that is, cause future financial statements to be materially misstated). There were no significant audit adjustments recorded at year-end.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

We would like to thank the Township and its staff for the cooperation extended to us during our audit and would be happy to discuss any of the comments in detail if you so desire.

This information and the attached memorandum is intended solely for the use of the Board of Education and management of the Township and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Willis & Jurasek, P.C.

Willis & Jurasek, P.C.

Ionia Township
Comment and Recommendations

Segregation of Duties:

Substantially all of the accounting and financial management functions of the Township are performed by two individuals, the Township Clerk and the Township Treasurer, both of which are elected positions. While the size and resources of the Township are limited in terms of providing adequate separation of duties, the Board should be mindful of this condition and, where possible, establish reasonable control procedures.

GASB No. 34 – The Financial Reporting Model

The Governmental Accounting Standards Board has issued GASB No. 34 which mandates new presentation for governmental agencies in their financial reporting. Under the new reporting model, general purpose governments must present the following basic financial statements and required supplementary information:

- ❖ Management's discussion and analysis.
- ❖ Government-wide financial statements.
- ❖ Fund financial statements.
- ❖ Notes to the financial statements.
- ❖ Required supplementary information, including budgetary comparison schedules and other data required by previous GASB pronouncements.

The new standard becomes effective in phases, depending on the primary government's total governmental and enterprise fund revenues in the fiscal year ending after June 15, 1999. For Ionia Township the effective date will be for the years beginning after June 15, 2003 or for your fiscal year ended March 31, 2005. You need to begin preparing for the new standard.

Computerized General Ledger Software – The Township should consider computerizing the general ledger accounting system. Currently accounting records are maintained manually. While the manual records are in good shape, there are several inexpensive accounting packages that would work for the Township's accounting needs. The time savings could be substantial. We can help with implementation if you decide to pursue this option.